

1 IN THE SENATE

BY THE SENATE  
FINANCE COMMITTEE

2 SENATE BILL NO. 277

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRD LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the Alaska Net Income  
7 Tax; and providing for an effective date."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 \* Section 1. AS 43.20.010(a) is repealed and re-enacted to  
10 read:

11 (a) There is levied and there shall be collected and  
12 paid to the state for each taxable year upon the net income  
13 of every resident and nonresident individual, fiduciary, and  
14 bank that is required to make a return and pay a tax under  
15 the provisions of Chapter 1, Subtitle A, of the 1964 Internal  
16 Revenue Code, Public Law 591, 83rd Congress, Second Session,  
17 as it has been or may be amended, a tax upon all income  
18 derived from sources within the state, according to the  
19 schedule of rates in this subsection. The tax shall be com-  
20 puted in the manner provided by the Internal Revenue Code  
21 for the Federal tax, except as specifically provided by this  
22 chapter. The tax shall be imposed on all income defined as  
23 "taxable income" by the 1954 Internal Revenue Code as it has  
24 been or may be amended. The schedule of tax rates for the  
25 tax imposed by this chapter is as follows:

26 (1) Rate of Tax on Individuals.

27 If taxable income is:	The tax is:
28 Not over \$2,000	3.2% of taxable income
29 Over \$2,000 but not over	\$64, plus 3.52% of excess over

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1	\$4,000	\$2,000
2	Over \$4,000 but not over	\$134.40, plus 4.16% of excess
3	\$6,000	over \$4,000
4	Over \$6,000 but not over	\$217.60, plus 4.80% of excess
5	\$8,000	over \$6,000
6	Over \$8,000 but not over	\$313.60, plus 5.44% of excess
7	\$10,000	over \$8,000
8	Over \$10,000 but not over	\$422.40, plus 6.08% of excess
9	\$12,000	over \$10,000
10	Over \$12,000 but not over	\$544.00, plus 6.88% of excess
11	\$14,000	over \$12,000
12	Over \$14,000 but not over	\$681.60, plus 7.52% of excess
13	\$16,000	over \$14,000
14	Over \$16,000 but not over	\$832.00, plus 8.00% of excess
15	\$18,000	over \$16,000
16	Over \$18,000 but not over	\$992.00, plus 8.48% of excess
17	\$20,000	over \$18,000
18	Over \$20,000 but not over	\$1,161.60, plus 8.96% of excess
19	\$22,000	over \$20,000
20	Over \$22,000 but not over	\$1,340.80, plus 9.44% of excess
21	\$26,000	over \$22,000
22	Over \$26,000 but not over	\$1,718.40, plus 9.92% of excess
23	\$32,000	over \$26,000
24	Over \$32,000 but not over	\$2,313.60, plus 10.40% of ex-
25	\$38,000	cess over \$32,000
26	Over \$38,000 but not over	\$2,937.60, plus 11.04% of ex-
27	\$44,000	cess over \$38,000
28	Over \$44,000 but not over	\$3,600.00, plus 11.52% of ex-
29	\$50,000	cess over \$44,000

1	Over \$50,000 but not over	\$4,291.20, plus 12.00% of ex-
2	\$60,000	cess over \$50,000
3	Over \$60,000 but not over	\$5,491.20, plus 12.48% of ex-
4	\$70,000	cess over \$60,000
5	Over \$70,000 but not over	\$6,739.20, plus 12.96% of ex-
6	\$80,000	cess over \$70,000
7	Over \$80,000 but not over	\$8,035.20, plus 13.44% of ex-
8	\$90,000	cess over \$80,000
9	Over \$90,000 but not over	\$9,379.20, plus 13.92% of ex-
10	\$100,000	cess over \$90,000
11	Over \$100,000 but not over	\$10,771.20, plus 14.24% of ex-
12	\$150,000	cess over \$100,000
13	Over \$150,000 but not over	\$17,891.20, plus 14.40% of ex-
14	\$200,000	cess over \$150,000
15	Over \$200,000	\$25,091.20, plus 14.56% of ex-
16		cess over \$200,000

(2) Rate of Tax on Heads of Households.

18	If taxable income is:	The tax is:
19	Not over \$2,000	3.2% of taxable income
20	Over \$2,000 but not over	\$64.00, plus 3.36% of excess
21	\$4,000	over \$2,000
22	Over \$4,000 but not over	\$131.20, plus 3.84% of excess
23	\$6,000	over \$4,000
24	Over \$6,000 but not over	\$208.00, plus 4.16% of excess
25	\$8,000	over \$6,000
26	Over \$8,000 but not over	\$291.20, plus 4.80% of excess
27	\$10,000	over \$8,000
28	Over \$10,000 but not over	\$387.20, plus 5.12% of excess
29	\$12,000	over \$10,000

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1	Over \$12,000 but not over	\$489.60, plus 5.76% of excess
2	\$14,000	over \$12,000
3	Over \$14,000 but not over	\$604.80, plus 6.24% of excess
4	\$16,000	over \$14,000
5	Over \$16,000 but not over	\$729.60, plus 6.72% of excess
6	\$18,000	over \$16,000
7	Over \$18,000 but not over	\$864.00, plus 6.88% of excess
8	\$20,000	over \$18,000
9	Over \$20,000 but not over	\$1,001.60, plus 7.52% of excess
10	\$22,000	over \$20,000
11	Over \$22,000 but not over	\$1,152.00, plus 7.84% of excess
12	\$24,000	over \$22,000
13	Over \$24,000 but not over	\$1,308.80, plus 8.32% of excess
14	\$28,000	over \$24,000
15	Over \$28,000 but not over	\$1,641.60, plus 8.64% of excess
16	\$32,000	over \$28,000
17	Over \$32,000 but not over	\$1,987.20, plus 9.28% of excess
18	\$38,000	over \$32,000
19	Over \$38,000 but not over	\$2,544.00, plus 9.92% of excess
20	\$44,000	over \$38,000
21	Over \$44,000 but not over	\$3,139.20, plus 10.56% of ex-
22	\$50,000	cess over \$44,000
23	Over \$50,000 but not over	\$3,772.80, plus 10.88% of ex-
24	\$60,000	cess over \$50,000
25	Over \$60,000 but not over	\$4,860.80, plus 11.36% of ex-
26	\$70,000	cess over \$60,000
27	Over \$70,000 but not over	\$5,996.80, plus 11.84% of ex-
28	\$80,000	cess over \$70,000
29	Over \$80,000 but not over	\$7,180.80, plus 12.16% of ex-

1	\$90,000	cess over \$80,000
2	Over \$90,000 but not over	\$8,396.80, plus 12.80% of ex-
3	\$100,000	cess over \$90,000
4	Over \$100,000 but not over	\$9,676.80, plus 13.28% of ex-
5	\$150,000	cess over \$100,000
6	Over \$150,000 but not over	\$16,316.80, plus 13.92% of ex-
7	\$200,000	cess over \$150,000
8	Over \$200,000 but not over	\$23,276.80, plus 14.40% of ex-
9	\$300,000	cess over \$200,000
10	Over \$300,000	\$37,676.80, plus 14.56% of ex-
11		cess over \$300,000

12 (3) Rate of Tax on Married Taxpayers Filing  
13 Jointly and on Individuals Entitled to File Federal Tax  
14 Returns as Surviving Spouses.

15	If taxable income is:	The tax is:
16	Not over \$4,000	3.2% of taxable income
17	Over \$4,000 but not over	\$128.00, plus 3.52% of excess
18	\$8,000	over \$4,000
19	Over \$8,000 but not over	\$268.80, plus 4.16% of excess
20	\$12,000	over \$8,000
21	Over \$12,000 but not over	\$435.20, plus 4.80% of excess
22	\$16,000	over \$12,000
23	Over \$16,000 but not over	\$627.20, plus 5.44% of excess
24	\$20,000	over \$16,000
25	Over \$20,000 but not over	\$844.80, plus 6.08% of excess
26	\$24,000	over \$20,000
27	Over \$24,000 but not over	\$1,088.00, plus 6.88% of excess
28	\$28,000	over \$24,000
29	Over \$28,000 but not over	\$1,363.20, plus 7.52% of excess

1	\$32,000	over \$28,000
2	Over \$32,000 but not over	\$1,664.00, plus 8.00% of excess
3	\$36,000	over \$32,000
4	Over \$36,000 but not over	\$1,984.00, plus 8.48% of excess
5	\$40,000	over \$36,000
6	Over \$40,000 but not over	\$2,323.20, plus 8.96% of excess
7	\$44,000	over \$40,000
8	Over \$44,000 but not over	\$2,681.60, plus 9.44% of excess
9	\$52,000	over \$44,000
10	Over \$52,000 but not over	\$3,436.80, plus 9.92% of excess
11	\$64,000	over \$52,000
12	Over \$64,000 but not over	\$4,627.20, plus 10.40% of ex-
13	\$76,000	cess over \$64,000
14	Over \$76,000 but not over	\$5,875.20, plus 11.04% of ex-
15	\$88,000	cess over \$76,000
16	Over \$88,000 but not over	\$7,200.00, plus 11.52% of ex-
17	\$100,000	cess over \$88,000
18	Over \$100,000 but not over	\$8,582.40, plus 12.00% of ex-
19	\$120,000	cess over \$100,000
20	Over \$120,000 but not over	\$10,982.40, plus 12.48% of ex-
21	\$140,000	cess over \$120,000
22	Over \$140,000 but not over	\$13,478.40, plus 12.96% of ex-
23	\$160,000	cess over \$140,000
24	Over \$160,000 but not over	\$16,070.40, plus 13.44% of ex-
25	\$180,000	cess over \$160,000
26	Over \$180,000 but not over	\$18,758.40, plus 13.92% of ex-
27	\$200,000	cess over \$180,000
28	Over \$200,000 but not over	\$27,542.40, plus 14.24% of ex-
29	\$300,000	cess over \$200,000

1 Over \$300,000 but not over \$35,782.40, plus 14.40% of ex-  
2 \$400,000 excess over \$300,000  
3 Over \$400,000 \$50,182.40, plus 14.56% of ex-  
4 excess over \$400,000

5 \* Sec. 2. AS 43.20.010(b) is repealed and re-enacted to read:

6 (b) There is levied and there shall be collected and  
7 paid to the state for each taxable year upon the net income  
8 of every resident and nonresident corporation that is  
9 required to make a return and pay a tax under the provisions  
10 of Chapter 1, Subtitle A, of the 1954 Internal Revenue Code,  
11 Public Law 591, 83rd Congress, Second Session, as it has  
12 been or may be amended, a tax upon all income derived from  
13 sources within the state, according to the schedule of rates  
14 in this subsection. The tax consists of a normal tax and a  
15 surtax and shall be computed in the manner provided by the  
16 Internal Revenue Code for the Federal tax except as specifi-  
17 cally provided by this chapter. The schedule of rates is:

18 (1) for the normal tax, 5.4 per cent of taxable  
19 income, and

20 (2) for the surtax, 3.96 per cent of the amount  
21 by which the taxable income (computed without regard to the  
22 deduction, if any, provided in sec. 242 of the Internal  
23 Revenue Code for partially tax-exempt interest) exceeds  
24 \$25,000.

25 \* Sec. 3. AS 43.20.010(c) is amended by adding a new paragraph  
26 to read:

27 (4) In computing the taxable income under this  
28 section, the taxpayer is not entitled to deduct from the  
29 taxable income the taxes payable to the state under this

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chapter.

\* Sec. 4. AS 43.20.170(a) is amended to read:

(a) Every employer making payment of wages or salaries shall deduct and withhold a tax in the amount of 20.5 [16] per cent of the tax deducted and withheld under secs. 3401; 3402(a) -- (1); 3403; 3404; 3502(b); 3504; 6011(a); 6051; 6081; 6415; 6501(a), (b)(2), (c)(1) -- (3); 6502(a); 6513(c); 6611(a), (b), (d); 6651(a); 6659; 6674; 7204; 7205 of the Internal Revenue Code of 1954, except that in the case of an employee whose wage or salary includes a cost-of-living allowance which is exempt from the federal income tax, the amount deducted and withheld under this subsection shall be determined as if the cost-of-living allowance is not exempt. Every employer making a deduction and a withholding shall furnish to the employee upon request a record of the amount of tax withheld from the employee on form prescribed, prepared, and furnished by the commissioner of revenue.

\* Sec. 5. This Act, except sec. 4, is expressly declared to be retrospective to January 1, 1964.